IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

iGAMES ENTERTAINMENT, INC., Plaintiff, v. **CHEX SERVICES, INC.** and **EQUITEX, INC.,** Defendants.	C.A. No. 04-180 (KAJ) JURY TRIAL DEMANDED

Appendix of Exhibits To iGames Entertainment, Inc's Motion For Summary Judgement

Exhibit F

WLM\206411.1

Ijaz Anwar

From: Ijaz Anwar [ianwar@chexff.com]
Sent: Monday, September 29, 2003 11:45 AM
To: John K Ziegler Jr
Subject: RE: CHEX DATA

SGA 06-2003.xls BAL SHEET Final.xls BS 12-2002 (AUDIT FINAL).xls SAU 12-2002.xls

Please see attachment as per our discussion this morning. Also, I believe the SGA will increase by 10%. Thanks.

Ijaz.

-----Original Message-----
From: John K Ziegler Jr [mailto:jziegler@irvineandassociates.com]
Sent: Monday, September 29, 2003 9:09 AM
To: ianwar@chexff.com
Cc: mca4cash@aol.com
Subject: RE: CHEX DATA

Ijaz,

Please also forward to me the volumes for each line of revenue for 2002. It was included on the june but not 2002.

JOhn

-----Original Message-----
From: ianwar@chexff.com [mailto:ianwar@chexff.com]
Sent: Sunday, September 28, 2003 2:36 PM
To: jziegler@irvineandassociates.com
Cc: mca4cash@aol.com
Subject: CHEX DATA

John:

I have enclosed 12-2002 YTD as well as 06-2003 YTD P-Ls. For 2003, please multiply the 06-2003 total with 2 for projected 12-2003 YTD. As far as 2004 is concerned, we are targeting a 30% increase in net profits and all other categories should increase proportionately. There are always some fixed expenses that do not increase in propotion to variable expenses and revenues. For the purpose of this exercise, lets assume that 30% increase will take place accross all categories, thus resulting in a 30% increase in net income.

Please note the following exceptions :

1) Chex interest cost should reduce by 20% in 2004. A 30% increase based on the above assumption and a 20% reduction based on Mercantile financing thus resulting in a 10% increase to support a 30% overall increase in net income
2) Creditcard revunues will increase by 60% based on our previous calculations, we should save $850k by using either MCA's or our new product

EXHIBIT
iGamal 11
9-17-04

CX/EX01886

3) There is a potential savings in HR in the amount of $350k. Chris and I have discussed $500k but lets be conservative because this has not been finalized.
4) You should have projections of Credit Plus.

Chris may add additional comments or suggestions.

Thanks for your assistance.

Ijaz

REDACTED PURSUANT TO CONFIDENTIALITY AND PROTECTIVE ORDER DATED 8/12/04

REDACTED PURSUANT TO CONFIDENTIALITY AND PROTECTIVE ORDER DATED 8/12/04

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REDACTED PURSUANT TO CONFIDENTIALITY AND PROTECTIVE ORDER DATED 8/12/04

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

iGAMES ENTERTAINMENT, INC., Plaintiff, v. **CHEX SERVICES, INC.** and **EQUITEX, INC.,** Defendants.	C.A. No. 04-180 (KAJ) JURY TRIAL DEMANDED

Appendix of Exhibits To iGames Entertainment, Inc's <u>Motion For Summary Judgement</u>

Exhibit G

<DOCUMENT>
<TYPE>10-Q
<SEQUENCE>1
<FILENAME>eqtx10q903.txt
<DESCRIPTION>SEPTEMBER 30, 2003 FORM 10-Q
<TEXT>

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 2003

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File No. 0-12374

EQUITEX, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	84-0905189
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

7315 East Peakview Avenue
Englewood, Colorado 80111

(Address of principal executive offices) (Zip code)

(303) 796-8940

(Registrant's telephone number including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Number of shares of common stock outstanding at November 19, 2003: 30,822,455

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EQUITEX, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

PART I FINANCIAL INFORMATION

<S>

</TABLE>

<PAGE>

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Equitex, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Equitex, Inc. and subsidiaries as of September 30, 2003, and the related condensed consolidated statements of operations and cash flows for the three-month and nine-month periods ended September 30, 2003 and 2002, and the related condensed consolidated statement of stockholders' equity for the nine months ended September 30, 2003. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Equitex, Inc. and subsidiaries as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated April 3, 2003, (which includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 141, BUSINESS COMBINATIONS and Statement of Financial Accounting Standards No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS) we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ GELFOND HOCHSTADT PANGBURN, P.C.

Denver, Colorado
November 18, 2003

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
<CAPTION>

September 30, Decem

	2003	20
	(Unaudited)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 6,262,499	$ 8,93
Receivables, net	3,379,289	3,50
Current portion of notes receivable, including related parties of $182,700 (2003) and $245,322 (2002)	789,016	24
Interest receivable, related parties	62,157	9
Prepaid expenses and other	450,761	35
Total current assets	10,943,722	13,13
Notes receivable, net, including related parties of $1,100,428 (2003) and $1,206,436 (2002)	2,046,821	1,98
Property, equipment and leaseholds, net	1,173,352	1,20
Deferred tax asset	1,380,000	1,38
Intangible and other assets, net	3,543,393	4,09
Goodwill	5,636,000	5,63
	13,779,566	14,29
	$24,723,288	$27,43

</TABLE>

(Continued)

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	September 2003
	(Unaudited
<S>	<C>
Current liabilities:	
Accounts payable	$ 1,103,1
Accrued expenses and other liabilities, including related party accruals of $250,135 (2003) and $375,109 (2002)	1,855,9
Accrued liabilities on casino contracts	648,0
Current portion of long-term debt	51,7
Line of credit, notes and loans payable	11,961,4
Notes payable, related parties	155,4
Due to credit card holders	326,9
Total current liabilities	16,102,6
Long-term debt, net of current portion	75,1
Total liabilities	16,177,8

Commitments and contingencies

Stockholders' equity:	
Preferred stock; 2,000,000 shares authorized:	
Series D, 6%; stated value $1,000 per share; 408 shares (2003) and 575 shares (2002) issued and outstanding; liquidation preference of $584,000	408,0
Series G, 6%; stated value $1,000 per share; 370 shares issued and outstanding; liquidation preference of $562,000	370,0
Series I, 6%; stated value $1,000 per share; 1,600 shares (2003) and 1,690 shares (2002) issued and outstanding; liquidation preference of $2,339,000	1,600,0
Series J, 6%; stated value $1,000 per share; 1,380 shares (2002) issued and outstanding	
Less preferred treasury stock; Series J, at cost; 650 shares (2002)	
Common stock, $0.02 par value; 50,000,000 shares authorized; 31,752,346 (2003) and 26,527,282 (2002) shares issued; 29,390,278 (2003) and 26,111,425 (2002) shares outstanding	635,0
Additional paid-in capital	15,002,1
Accumulated deficit	(8,372,5
Less treasury stock at cost; 2,362,068 shares (2003) and 415,857 shares (2002)	(1,097,1
Total stockholders' equity	8,545,4
	$ 24,723,2

</TABLE>

See notes to condensed consolidated financial statements.

<PAGE>

EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended Septembe 2003	2002
<S>	<C>	<C>
Fee revenue	$ 4,825,045	$ 5,039
Credit card income, net of provision for losses	85,702	297
Application fees, net of direct marketing costs		1
Other		539
Total revenues	4,910,747	5,877
Fees paid to casinos	1,715,741	1,636
Salaries, wages and employee benefits	1,729,708	2,079
Third party servicing fees	57,669	108
Other operating expenses	1,844,556	1,918
Impairment of FDIC receivable		2,151
	5,347,674	7,894
Loss from operations	(436,927)	(2,016

Other income (expense):		
Interest income, including related party interest of $33,786 and $57,735 for the three and nine months ended September 30, 2003 and $48,756 and $91,931 for the three and nine months ended September 30, 2002	33,786	53
Interest expense, including related party interest of $144,349 and $421,148 for the three and nine months ended September 30, 2003, and $181,368 and $516,847 for the three and nine months ended September 30, 2002	(350,573)	(392
	(316,787)	(339
Loss before income taxes	(753,714)	(2,356
Income tax expense	8,000	14
Net loss	(761,714)	(2,370
Repricing of warrants issued to preferred stockholders	(235,000)	
Additional warrants issued to preferred stockholders		
Warrant accretion	(3,300)	
Redemption of convertible preferred stock in excess of beneficial conversion features		
Deemed preferred stock dividends	(57,000)	(82
Net loss applicable to common stockholders	$ (1,057,014)	$ (2,452
Basic and diluted net loss per common share	$ (0.04)	$ (
Weighted average number of common shares outstanding	29,170,051	23,568

</TABLE>

See notes to condensed consolidated financial statements.

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 2003

(UNAUDITED)

<TABLE>
<CAPTION>

	Convertible preferred stock		Pr tr s
	Shares	Amount	
<S>	<C>	<C>	<C>
Balances, January 1, 2003	4,015	$ 4,015,000	$(
Exercises of warrants for common stock			
Warrants issued for services			
Purchase of shares of common stock by subsidiary from a related party			

Redemption of Series I preferred stock for cash	(90)	(90,000)	
Conversion of Series D preferred stock to common stock	(167)	(167,000)	
Conversion of Series J preferred stock to common stock	(1,380)	(1,380,000)	
Conversion of accounts and notes payable to common stock			
Sale of treasury stock for cash			
Repricing of warrants			
Net loss			
	-----------	-----------	---
Balances, September 30, 2003	2,378	$ 2,378,000	$
	===========	===========	===

</TABLE>

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)

NINE MONTHS ENDED SEPTEMBER 30, 2003

(UNAUDITED)

<TABLE>
<CAPTION>

	Common treasury stock	Additional paid-in capital	Acc d
	-----------	-----------	---
<S>	<C>	<C>	<C>
Balances, January 1, 2003	$ (256,851)	$12,719,855	$ (6
Exercises of warrants for common stock 261,687	(105,050)	346,706	
Warrants issued for services		254,000	
Purchase of shares of common stock by subsidiary from a related party	(207,000)		
Redemption of Series I preferred stock for cash		(10,942)	
Conversion of Series D preferred stock to common stock		157,655	
Conversion of Series J preferred stock to common stock	(650,000)	1,310,073	
Conversion of accounts and notes payable to common stock		175,756	

Sale of treasury stock for cash	121,760	26,034	
Repricing of warrants		23,000	
Net loss			(1
Balances, September 30, 2003	$(1,097,141)	$15,002,137	$(8

</TABLE>

See notes to condensed consolidated financial statements.

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

<TABLE>
<CAPTION>

	2003
<S>	<C>
Cash flows provided by operating activities:	
Net loss	$(1,521,54
Adjustments to reconcile net loss to net cash provided by operating activities:	
(Recovery of) increase in provision for losses	(14,59
Depreciation and amortization	836,06
Beneficial conversion features on convertible promissory notes	
Amortization of discount on convertible promissory notes	
Stock-based compensation expense	277,00
Impairment of FDIC receivable	
Gain on sale of equipment	
(1,268)	
Changes in assets and liabilities:	
Increase (decrease) in accounts receivable	159,92
(Increase) decrease in other assets	(96,32
(Decrease) increase in due to credit card holders	(76,43
Increase in accounts payable and accrued liabilities	507,56
Total adjustments	1,593,18
Net cash provided by operating activities	71,64
Cash flows from investing activities:	
Proceeds from sale of equipment	5,23
Net decrease (increase) in credit card receivables	3,40
Purchases of furniture, fixtures and equipment	(269,40
Issuance of related party notes receivable	(286,77
Issuance of notes receivable, other	(606,31
Repayment of related party notes receivable	295,40
Net cash used in investing activities	(858,45
Cash flows from financing activities:	

Sale of treasury stock	147,79
Redemption of Series I preferred stock for cash	(100,94
Proceeds from the exercise of warrants	261,68
Proceeds from common stock private placement (net of offering costs)	
Purchase of Equitex shares for treasury by subsidiary	(207,00
Increase in deferred costs	
Issuance of notes payable, related parties and other	1,187,64
Repayment of notes payable, related parties and other	(2,171,57
Net payments on line of credit	(1,000,00

Net cash (used in) provided by financing activities	(1,882,39

</TABLE>

(Continued)

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EQUITEX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

<TABLE>
<CAPTION>

	2003

<S>	<C>
Decrease in cash and cash equivalents	(2,669,2
Cash and cash equivalents, beginning	8,931,7

Cash and cash equivalents, ending	$ 6,262,4
	=========
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 1,077,1
	=========
Cash paid for taxes	$ 126,1
	=========
Supplemental disclosure of non-cash investing and financing activities:	
Conversion of preferred stock to common stock	$ 1,547,0
	=========
Warrants attached to convertible promissory notes	
Amortization of additional warrants issued to preferred stockholders	
Termination of agreement to issue common stock and warrants for Services	
Related party note receivable exchanged for related party note payable	

Conversion of promissory notes, accrued interest and accounts payable to common stock	
Conversion of accounts and note payable to common stock by subsidiary	$ 180,9
	=========
Equipment exchanged for a reduction in a note payable	$ 12,6
	=========
Reclassification of receivables due from Net First and liabilities due to Net First card holders to a net receivable due from the FDIC:	
Credit card receivables, net	
Other receivables	
Accounts payable	
Due to credit card holders	
Receivable from FDIC, as receiver for Net First	

</TABLE>

See notes to condensed consolidated financial statements.

<PAGE>

EQUITEX, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(UNAUDITED)

1. INTERIM FINANCIAL STATEMENTS, BASIS OF PRESENTATION AND RECENT EVENTS:

INTERIM FINANCIAL STATEMENTS:

The condensed consolidated interim financial statements of Equitex, Inc. and subsidiaries (the "Company") for the three-month and nine-month periods ended September 30, 2003 and 2002, have been prepared by the Company without audit by the Company's independent auditors. In the opinion of the Company's management, all adjustments necessary to present fairly the financial position, results of operations, and cash flows of the Company as of September 30, 2003, and for the periods ended September 30, 2003 and 2002, have been made. Except as described below, those adjustments consist only of normal and recurring adjustments.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with a reading of the consolidated financial statements and notes thereto included in the Company's Form 10-K annual report filed with the Securities and Exchange Commission (`SEC") on April 15, 2003. The results of operations for the three months and nine months ended September 30, 2003, are not necessarily indicative of the results to be expected for the full year.

BASIS OF PRESENTATION:

The accompanying financial statements present the consolidated financial position of Equitex, Inc. and its wholly-owned subsidiaries, Key Financial Systems, Inc. ("Key"), Nova Financial Systems, Inc. ("Nova"), Chex Services, Inc. ("Chex"), and its wholly-owned subsidiary Collection Solutions, Inc. ("Collection") and Equitex's majority-owned subsidiary, Denaris Corporation ("Denaris") as of September 30, 2003 and December 31, 2002. The results of operations and cash flows of the Company for the three and nine months ended September 30, 2003 present the consolidated results of Equitex, Key, Nova, Chex, Collection, and Denaris. The financial statements presented for the three and nine month periods ended September 30, 2002 consist of the consolidated results of Equitex, Key, Nova and Chex. During the three and nine months ended September 30, 2003, the net loss incurred by the Company's majority-owned subsidiary Denaris, exceeded the minority interest in the common equity (deficiency) of the subsidiary. The excess of 2003 losses applicable to the minority interest have been charged to the Company, and no minority interest is reflected in the Company's September 30, 2003 consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

RECENT EVENTS:

PROPOSED SALE OF CHEX:

In July 2003, the Company announced that it executed a definitive agreement for the sale of its wholly-owned subsidiary, Chex Services, Inc. to Cash Systems, Inc. ("Cash Systems"), a publicly-traded Delaware Corporation. Terms of the agreement are for Cash Systems to issue 9,000,000 shares of common stock to Equitex for all of the outstanding common stock of Chex. As part of the agreement Equitex will distribute to its stockholders the number of shares required for Equitex to hold less than ten percent of Cash Systems' outstanding common stock following the transaction or 1,500,000 shares, whichever is less. Closing of the transaction is subject to certain requirements including necessary stockholder and regulatory approval, completion of final documents, due diligence and other customary pre-closing conditions.

<PAGE>

1. INTERIM FINANCIAL STATEMENTS, BASIS OF PRESENTATION AND RECENT EVENTS (CONTINUED):

PROPOSED SALE OF CHEX (CONTINUED):

In November 2003, the Company announced that it executed a definitive agreement for the sale of Chex to iGames Entertainment, Inc. ("iGames"), a publicly traded Nevada Corporation. Terms of the agreement are for iGames to issue at least 62.5% of its common stock to Equitex, with the shares having a value of at least $63 million for all of the outstanding common stock of Chex. In addition, the agreement includes a $780,000 two-year agreement between iGames and Equitex's majority-owned subsidiary, Denaris, for various services to be provided by Denaris. As part of the agreement Equitex is to distribute to its stockholders the number of shares required

for Equitex to hold less than ten percent of iGames' outstanding common stock following the transaction. Closing of the transaction is subject to certain requirements including necessary stockholder and regulatory approval, completion of final documents, due diligence and other customary pre-closing conditions.

The Equitex Board of Directors intends to place both transactions before its stockholders and recommend that its stockholders approve the iGames transaction.

NASDAQ STOCK MARKET LISTING:

In July 2002, the Company received notice from the Nasdaq Stock Market ("Nasdaq") that the minimum bid price of the Company's common stock had fallen below the $1.00 per share price required for continued inclusion. In June 2003 the Company received notification that the Company regained compliance with Nasdaq pertaining to the $1.00 minimum bid price requirement for continuing listing.

AGREEMENT WITH PAYMASTER JAMAICA:

In August 2002, the Company entered into a binding agreement with Paymaster (Jamaica) Limited ("Paymaster Jamaica") to form a jointly-owned and operated company to replicate Paymaster Jamaica's financial services business model throughout the Caribbean, North America and ultimately, worldwide. This newly-formed company was to be named Paymaster Worldwide, Inc. ("PWI"). Under the terms of the agreement, the Company advanced $500,000 to Paymaster Jamaica that could be converted into stock of PWI if the Company was formed by August 15, 2003. Because the Company was not formed by this date, the $500,000 advance became a promissory note under the terms of the agreement. The note bears interest at 6%, is due in semi-annual payments of principal and interest, and is collateralized by shares of Paymaster Jamaica stock sufficient to represent on a fully diluted basis, 20% of the share ownership of the Company, which have been pledged by the President of Paymaster Jamaica.

Paymaster Jamaica, headquartered in Kingston, Jamaica, commenced operations in 1997, and offers revenue collection and customer care to businesses, institutions and consumers on the island of Jamaica. It offers its customers an alternative to retaining their own commercial offices. In addition, through its bill payment services, Paymaster Jamaica is developing cash remittance services, affording its customers the convenience to send and receive various types of remittances nationally or internationally via cash or debit cards.

<PAGE>

1. INTERIM FINANCIAL STATEMENTS, BASIS OF PRESENTATION AND RECENT EVENTS (CONTINUED):

RECENT EVENTS (CONTINUED):

NET FIRST NATIONAL BANK CLOSURE AND KEY AND NOVA OPERATIONS:

Through March 1, 2002, Key's credit card products were marketed for Net First National Bank ("Net First") under an agreement that provided the Company with a 100% participation interest in the receivables and related rights associated with credit cards issued, and required the payment of monthly servicing fees to Net First. The Company provided collection and customer services related to the credit cards issued. On March 1, 2002, federal banking regulators closed Net First, which was the sole issuing bank for Key's PAY AS YOU GO credit card program.

On March 4, 2002, the Federal Deposit Insurance Corporation ("FDIC") notified the Company that it had been appointed receiver of all funds due from Net First to Key. As receiver, the FDIC elected to disaffirm, to the full extent, all contracts Key was a party to with Net First. On March 10, 2002, the Company was made aware that the FDIC was notifying Net First credit card holders that their accounts were to be closed, and accordingly, Key would not be able to transfer the existing PAY AS YOU GO credit card portfolio to a successor financial institution. In November 2002, the Company filed a lawsuit seeking to recover the full amount of a claim with the FDIC for all funds due from Net First to Key through the date federal banking regulators closed Net First (Note 4).

The Company immediately implemented steps to eliminate Key's operating costs associated with marketing and servicing the Net First program. These steps included employee lay-offs of all but essential management and employee personnel necessary to re-establish its marketing and servicing capabilities upon the establishment of a new relationship with another financial institution. The Company had discussions with financial institutions to initiate a new credit card program; however, the Company has not been successful in establishing such a relationship, and no longer intends to actively pursue such a relationship. At September 30, 2003, Key and Nova operations consist solely of processing residual payments on remaining active accounts.

<PAGE>

1. INTERIM FINANCIAL STATEMENTS, BASIS OF PRESENTATION AND RECENT EVENTS (CONTINUED):

STOCK OPTIONS:

The Company applies Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized for options granted at fair market value. Had compensation cost for the Company's stock option plans been determined based on the fair values at the grant dates for awards under the plans consistent with the fair-value based method of accounting prescribed by Statement of Financial Accounting Standard No. 123 "Accounting for Stock-Based Compensation", the Company's results would have been changed to the pro forma amounts indicated below (in thousands):

<TABLE>

<CAPTION>

<S>	Three Months Ended September 30, 2003 <C>	September 30, 2002 <C>	Se <C
Net loss	$ (761,714)	$ (2,370,328)	$
ADD: Stock-based employee compensation expense included in reported net income, (loss) net of related tax effects	--	--	
DEDUCT: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	--	--	--
Pro forma net loss	$ (761,714)	$ (2,370,328)	$
Net loss per share:			
Basic and diluted - as reported	$ (0.04)	$ (0.10)	$
Basic and diluted - pro forma	$ (0.04)	$ (0.10)	$

</TABLE>

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, Accounting for CertaiN Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes new standards on how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. Under previous guidance, issuers could account for many of those instruments as equity. SFAS No.150 requires that those instruments be classified as liabilities in statements of financial position. This statement does not affect the classification or measurement of convertible bonds, puttable stock, or other outstanding shares that are conditionally redeemable. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003 for public companies. The Company currently has no financial instruments that embody an unconditional obligation of the Company. Therefore, the adoption of SFAS No. 150 did not impact the Company's results of operations or financial condition.

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EQUITEX, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(UNAUDITED)

2. RECEIVABLES:

Receivables at September 30, 2003 and December 31, 2002 consist of the following:

	September 30, 2003	December 31, 2002
Credit card and ATM processors	$ 2,373,248	$ 2,652,504
Credit card receivables, net of allowance for losses of $1,665 (2003) and $3,465 (2002)	154,394	155,997
Other receivables	851,647	698,924
	$ 3,379,289	$ 3,507,425

Amounts due from credit card and ATM processors arise primarily from credit card and ATM advances by Chex to casino patrons. Credit card receivables include refundable and earned fees, which represent the balance reported to customers. Credit card receivables are reduced by allowances for refundable fees and losses. Other receivables at September 30, 2003 include approximately $552,233 due from Paymaster Jamaica, which represents amounts due for services performed by Denaris, which has been recorded as deferred revenue at September 30, 2003. Also included in other receivables at September 30, 2003 and December 31, 2002, is $299,414 and $433,293, respectively, due from third party financial institutions to Key. These amounts are held in trust under agreements to secure payment of reservation fees due customers.

3. NOTES RECEIVABLE:

Included in related party notes receivable at December 31, 2002, are notes due from shareholders of $918,936, notes due from an affiliated company of Equitex of $522,721, and notes due from Chex employees of $10,101. Included in related party notes receivable at September 30, 2003, are notes are due from shareholders of $630,936, notes due from an affiliated company of Equitex of $649,492, and notes due from Chex employees of $2,700. During the quarter ending September 30, 2003, the Company recorded an allowance of $160,000 against the related party receivable due from an affiliated company of Equitex.

Included in other receivables at September 30, 2003 and December 31, 2002, is a note due from Paymaster Jamaica of $500,000. As of December 31, 2002 and September 30, 2003, the Company also had a note due from a deceased Chex officer's estate of $273,594 and $446,393, respectively, net of allowances. The loan is collateralized by unregistered shares of the Company's common stock and accordingly, the Company reviews the valuation allowance regarding the note in relation to the shares pledged. As of December 31, 2002 and September 30, 2003, the valuation allowance was $1,211,100 and $1,038,300, respectively.

Also included in notes receivable at September 30, 2003, is a note due from a customer of $606,316, representing the repayment of checks that were originally cashed at two casino locations and subsequently were returned for insufficient funds. The note provides for direct payment to the Company from funds anticipated to be available to the makers of the note during the fourth quarter of 2003.

4. GOODWILL, INTANGIBLE AND OTHER ASSETS:

SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS, prescribes a two-phase process for impairment testing of goodwill, which is performed once annually, absent indicators of impairment. The first phase screens for impairment, while the second phase (if necessary) measures the impairment. The Company has elected to perform its annual analysis during the fourth calendar quarter of each year. No indicators of impairment were identified during the nine months ended September 30, 2003.

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EQUITEX, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
(UNAUDITED)

4. GOODWILL, INTANGIBLE AND OTHER ASSETS (CONTINUED):

Intangible and other assets consist of the following at September 30, 2003 and December 31, 2002:

<TABLE>
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	September 30, 2003			
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount
<S>	<C>	<C>	<C>	<C>
Casino contracts	$ 4,300,000	$ 1,199,440	$ 3,100,560	$ 4,300,000
Non-compete agreements	350,000	147,300	202,700	350,000
Customer lists	250,000	159,600	90,400	250,000
Trade names	100,000		100,000	100,000
Total intangible assets	5,000,000	1,506,340	3,493,660	5,000,000
Other assets	49,733		49,733	49,733
	$ 5,049,733	$ 1,506,340	$ 3,543,393	$ 5,049,733

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The net carrying amount of intangible assets at September 30, 2003 is scheduled to be fully amortized by the end of 2009. Amortization expense for the net carrying amount of intangible assets at September 30, 2003, is estimated to be $185,000 for the remainder of 2003, and $735,000, $664,000, $659,000, and $600,000 in 2004, 2005, 2006 and 2007, respectively.

5. COMMITMENTS AND CONTINGENCIES:

LITIGATION:

In May 2002, Key filed a claim with the FDIC for all funds due from Net First to Key under the Credit Card Program Agreement through the date federal banking regulators closed Net First. The total amount of the claim was $4,311,027. In October 2002, the FDIC notified Key that it had determined to disallow all but $111,734 of the total claim. The notification states that as the FDIC liquidates the assets of the receivership, Key may periodically receive payments on the allowed portion of this claim through dividends. The Company does not agree with this disallowance. In November

2002, the Company filed a lawsuit in the United States District Court for the Southern District of Florida seeking to recover the full amount of its claim. The FDIC answered the complaint, asserting a counterclaim for $1,000,000, which the FDIC asserts is for refunds to be made to customers who did not receive credit cards as a result of FDIC actions.

While the Company believes that it will ultimately be successful in collecting on its claim, there is no assurance that collection will eventually occur. Accordingly, the Company has allowed for 100% of the net remaining balance due of $2,151,207 from the FDIC, as receiver for Net First, in addition to amounts previously allowed for.

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5. COMMITMENTS AND CONTINGENCIES (CONTINUED):

LITIGATION (CONTINUED):

In August 2000, William G. Hays, Jr., liquidating agent for RDM Sports Group, Inc. and related debtors, filed an adversary proceeding against Equitex, Smith Gambrell and Russell, LLP, David J. Harris, P.C. and David J. Harris, in the United States Bankruptcy Court for the Northern District of Georgia, Newnan Division, Adversary Proceeding No. 00-1065. The liquidating agent alleges that the Company breached its October 29, 1987, consulting agreement with RDM, breached fiduciary duties allegedly owed to RDM, and that Equitex is liable for civil conspiracy and acting in concert with directors of RDM. The liquidating agent is seeking unspecified compensatory and punitive damages, along with attorney's fees, costs and interest. In connection with the Company's distribution of its assets and liabilities to Equitex 2000 on August 6, 2001, Equitex 2000 has agreed to indemnify the Company and assume defense in this matter, as well as certain other legal actions existing at August 6, 2001. The costs to defend this matter may be material, and an unfavorable outcome may have a material adverse effect on the Company should Equitex 2000 not be in a position to fulfill its indemnification to the Company for any losses that may be incurred.

In November 2003, Equitex reached a tentative settlement agreement with the liquidating agent pursuant to which Equitex is to pay the sum of $400,000 no later than May 21, 2004, in exchange for the dismissal of the adversary proceeding and the execution of a mutual release of claims by both parties. Should Equitex 2000 be unable to fulfill its obligations under the indemnification and settlement as agreed, Equitex would be required to perform under the proposed agreement.

The Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse impact either individually or in the aggregate on consolidated results of operations, financial position or cash flows of the Company.

BONUS TO OFFICER:

In June 2003, the Company's Board of Directors approved a bonus arrangement

with the Company's president. The bonus arrangement, effective June 2, 2003, provides for an annual bonus to be calculated quarterly based on 5% of the increase in the market value of the Company's common stock, accrued quarterly, beginning with the closing price as reported by Nasdaq on December 31 of each year, and ending with the closing price on December 31 of the following year. Payments under the bonus arrangement are to be made at the discretion of the Company's management from time to time, as cash flow permits. Total compensation expense recorded under this arrangement for the three and six months ended September 30, 2003 was approximately $209,000, of which approximately $15,000 has been paid and approximately $194,000 is included in accrued liabilities at September 30, 2003.

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6. STOCKHOLDERS' EQUITY:

SERIES D CONVERTIBLE PREFERRED STOCK:

The Series D Preferred Stock is convertible, together with any cumulative unpaid dividends, at any time into shares of the Company's common stock at a conversion price equal to 65% of the average closing bid price of the Company's common stock as specified in the agreement.

The holder of each share of Series D convertible preferred stock is entitled to a 6% cumulative annual dividend, payable quarterly. Dividends are payable in cash or, at the Company's option, in shares of the Company's common stock. The Series D Preferred Stock contains liquidation preference equal to the sum of the stated value of each share plus an amount equal to 130% of the stated value plus the aggregate of all cumulative unpaid dividends on each share of Series D Preferred Stock until the most recent dividend payment date or date of liquidation, dissolution or winding up of the Company.

During the nine months ended September 30, 2003, 167 shares of Series D Preferred Stock, plus unpaid dividends of $49,135 were converted into 467,253 shares of common stock at conversion prices of $0.25 to $0.66 per share.

SERIES G CONVERTIBLE PREFERRED STOCK:

The Series G Preferred Stock is convertible, together with any cumulative unpaid dividends, at any time into shares of the Company's common stock at a conversion price per share equal to the lesser of $6.50 or 65% of the average closing bid price of the Company's common stock as specified in the agreement.

The holder of each share of the Series G Preferred Stock is entitled to cumulative dividends at 6% per annum plus a 4% dividend default rate, payable quarterly. Dividends are payable in cash or, at the Company's option, in shares of the Company's common stock. The Series G Preferred Stock contains a liquidation preference equal to the sum of the stated value of each share plus an amount equal to 130% of the stated par value plus the aggregate of all cumulative unpaid dividends on each share of

Series G Preferred Stock until the most recent dividend payment date or date of liquidation, dissolution or winding up of the Company. All outstanding shares of Series G Preferred Stock were to automatically convert into common stock on August 31, 2003. However, the Company has been negotiating with the holder to extend the terms, therefore the holder has not elected to convert the preferred shares to common stock. The Series G Preferred Stock is redeemable at the Company's option at any time prior to its conversion, at a redemption price equal to $1,350 per share plus any cumulative unpaid dividends.

SERIES I CONVERTIBLE PREFERRED STOCK:

The Series I Preferred Stock is convertible, together with any cumulative unpaid dividends, at any time into shares of the Company's common stock at a conversion price per share equal to the lesser of $5.98 or 65% of the average closing price of the Company's common stock as specified in the agreement.

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6. STOCKHOLDERS' EQUITY (CONTINUED):

SERIES I CONVERTIBLE PREFERRED STOCK (CONTINUED):

The holder of each share of Series I Preferred Stock is entitled to cumulative dividends at 6% per annum plus a 4% dividend default rate, payable quarterly. Dividends are payable in cash, or at the Company's option, in shares of the Company's common stock. The Series I Preferred Stock contains a liquidation preference equal to the sum of the stated value of each share plus an amount equal to 125% of the stated value plus the aggregate of all cumulative unpaid dividends on each share of Series I Preferred Stock until the most recent dividend payment date or date of liquidation, dissolution or winding up of the Company. All outstanding shares of the Series I Preferred Stock automatically convert into common stock on July 20, 2004. The Series I Preferred Stock is redeemable at the Company's option at any time through July 20, 2004, at a redemption price equal to $1,250 per share plus any cumulative unpaid dividends.

In February 2003, the Company redeemed 90 shares of Series I Preferred Stock for $100,000. The redemption price was less than the amount originally allocated to the beneficial conversion feature, and as a result, loss applicable to common stockholders was reduced by $38,430 for the three months ended March 31, 2003.

In September 2003, the Company redeemed accrued unpaid dividends on the Series I Preferred Stock for $942.

SERIES J CONVERTIBLE PREFERRED STOCK:

The Series J Preferred Stock was convertible, together with any cumulative unpaid dividends, at any time into shares of the Company's common stock at a conversion price per share equal to 65% of the average closing bid price of the Company's common stock as specified in the agreement (but in no

event less than $0.40 per share).

Dividends on the Series J Preferred Stock were at 6% per annum plus a 4% dividend default rate, payable quarterly. Dividends were payable in cash or, at the Company's option, in shares of the Company's common stock.

In January 2003, all of the outstanding shares of Series J Preferred Stock and unpaid dividends of $18,542 were converted into 3,496,354 shares of common stock at $0.40 per share.

ISSUANCES OF COMMON STOCK:

During the nine months ended September 30, 2003, the Company issued 1,001,566 shares of common stock upon the conversion of warrants for $366,737, at an average conversion price of $0.37 per share. Of these shares, 225,000 were issued to a subsidiary of the Company at exercise prices of $0.38 to $0.50 per share. The shares issued to the subsidiary are presented as common treasury stock. Accordingly common treasury stock was increased by $105,050.

During the nine months ended September 30, 2003, the Company also converted accounts payable of $180,954 into 259,891 shares of common stock at conversion prices of $0.64 to $0.72 per share, the market price of the common stock at the date of issuance.

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6. STOCKHOLDERS' EQUITY (CONTINUED):

STOCK OPTIONS AND WARRANTS:

In January 2003, the Company issued a one-year warrant to a consultant for services to purchase 100,000 shares of the Company's common stock at $0.41 per share (the market price of the common stock at the date of the grant). These warrants were valued at $12,000 based upon the Black-Scholes option pricing model.

In January 2003, the Company also issued two-year warrants to consultants and unrelated parties to purchase 400,000 shares of common stock at $0.54 per share (the market price of the common stock at the date of the grant). These warrants were valued at $64,000 based upon the Black-Scholes option pricing model.

In April 2003, the Company issued two-year warrants to a consultant for services to purchase 70,000 shares of common stock at $0.52 per share (the market price of the common stock at the date of the grant). These warrants were valued at $12,500 based upon the Black-Scholes option pricing model.

In May 2003, the Company issued two-year warrants to a consultant for services to purchase 450,000 shares of common stock. The exercise price on 200,000 warrants is $0.68 per share (the market price of the common stock at the date of the grant). The next 200,000 warrants have an exercise price

of $0.88 per share and the remaining 50,000 warrants have an exercise price of $0.90 per share. These warrants were valued at approximately $78,000 based upon the Black-Scholes option pricing model.

In May 2003 the Company also issued four month warrants to consultants for services to purchase 500,000 shares of common stock at $0.69 per share (the market price of the common stock at the date of the grant). These warrants were valued at $68,500 based upon the Black-Scholes option pricing model. A related party received 200,000 of these warrants.

In May and June 2003 the Company granted five-year options to purchase 1,400,000 shares of common stock to directors, officers and employees of the Company (which includes 760,000 options to Chex employees) and 100,000 options to a consultant for services. The options were granted under the 2003 Stock Option Plan (the "2003 Plan"). Common stock reserved for options under the 2003 Plan total 3,500,000. The options have exercise prices between $0.68 and $1.03 per share (the market price of the common stock at the respective grant dates). The options granted to the consultant were valued at $19,000 based upon the Black-Scholes option pricing model.

In May and June 2003, the Company reduced the exercise price of certain existing warrants to purchase up to 221,625 shares of the Company's common stock, including 80,000 warrants issued to Chex. As a result of the reduction in exercise price, the Company recognized an additional $23,000 of stock based compensation expense relating to these repriced warrants.

In September 2003, the Company reduced the exercise price of certain existing warrants to purchase up to 946,400 shares of the Company's common stock to induce the holders to exercise these warrants. The warrants were initially issued in connection with the sale of preferred stock. As a result of the reduction in the exercise price, loss applicable to common stockholders was increased by $235,000 for the three months ended September 30, 2003.

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6. STOCKHOLDERS' EQUITY (CONTINUED):

TREASURY STOCK TRANSACTIONS:

In January 2003, Chex converted 650 shares of the Company's Series J Preferred Stock plus unpaid dividends of $8,884 into 1,647,211 shares of common stock. The cost of the preferred stock was $650,000, which has been reclassified from preferred treasury stock to common treasury stock.

In April 2003, Chex exercised a warrant to purchase 160,000 shares of Equitex common stock at $0.50 per share. The cost of the shares issued ($80,000) has been added to treasury stock.

In June 2003, Chex purchased 300,000 shares of Equitex common stock from its affiliate, Equitex 2000, Inc. for $0.69 per share (the market price of the common stock at the date of the purchase). The cost of the shares ($207,000) has been added to treasury stock.

In August 2003, Chex exercised warrants to purchase 65,000 shares of Equitex common stock at $0.385 per share. The cost of these shares issued ($25,050) has been added to treasury stock.

During the nine months ended September 30, 2003, Chex sold 226,000 shares of Equitex common stock between $0.57 and $0.70 per share (the market prices of the common stock at the date of each sale). The stock was acquired at an average cost of approximately $0.54 per share and the cost of the shares sold ($121,760) has been removed from treasury stock. The difference between the sales price and cost of the shares sold ($26,034) has been classified as additional paid in capital.

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7. OPERATING SEGMENTS:

As of and for the three-month period ended September 30, 2003, segment results were as follows:

	Credit card services (Key and Nova)	Cash disbursement services (Chex)	Corporate activities	Total
Revenues	$ 85,702	$ 4,825,045		$ 4,910,747
Net income (loss)	(32,695)	72,814	$ (801,833)	(761,714)
Total assets	475,773	22,856,661	1,390,854	24,723,288

As of and for the three-month period ended September 30, 2002, segment results were as follows:

	Credit card services (Key and Nova)	Cash disbursement services (Chex)	Corporate activities	Total
Revenues	$ 837,728	$ 5,039,923		$ 5,877,651
Net income (loss)	(2,259,446)	140,171	$ (251,053)	(2,370,328)
Total assets	1,650,422	25,951,041	933,210	28,534,673

As of and for the nine-month period ended September 30, 2003, segment results were as follows:

	Credit card services (Key and Nova)	Cash disbursement services (Chex)	Corporate activities	Total

Revenues	$ 350,994	$ 13,944,482		$ 14,295,476
Net income (loss)	20,244	539,656	$(2,081,449)	(1,521,549)

As of and for the nine-month period ended September 30, 2002, segment results were as follows:

	Credit card services	Cash disbursement services	Corporate activities	Total
	(Key and Nova)	(Chex)		
Revenues	$ 4,402,080	$ 15,012,805		$ 19,414,885
Net income (loss)	(2,315,369)	430,269	$ (1,275,914)	(3,161,014)

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ITEM TWO

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

THIS REPORT MAY CONTAIN CERTAIN "FORWARD-LOOKING" STATEMENTS AS SUCH TERM IS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 OR BY THE SECURITIES AND EXCHANGE COMMISSION IN ITS RULES, REGULATIONS AND RELEASES, WHICH REPRESENT THE COMPANY'S EXPECTATIONS OR BELIEFS, INCLUDING BUT NOT LIMITED TO, STATEMENTS CONCERNING THE COMPANY'S OPERATIONS, ECONOMIC PERFORMANCE, FINANCIAL CONDITION, GROWTH AND ACQUISITION STRATEGIES, INVESTMENTS, AMOUNTS RECEIVABLE FROM NET FIRST NATIONAL BANK, AND FUTURE OPERATIONAL PLANS, FOR THIS PURPOSE, ANY STATEMENTS CONTAINED HEREIN THAT ARE NOT STATEMENTS OF HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WORDS SUCH AS "MAY", "WILL", "EXPECT", "BELIEVE", "ANTICIPATE", "INTENT", "COULD", "ESTIMATE", "MIGHT", OR "CONTINUE" OR THE NEGATIVE OR OTHER VARIATIONS THEREOF OR COMPARABLE TERMINOLOGY ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE STATEMENTS BY THEIR NATURE INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES, CERTAIN OF WHICH ARE BEYOND THE COMPANY'S CONTROL, AND ACTUAL RESULTS MAY DIFFER MATERIALLY DEPENDING ON THE VARIETY OF IMPORTANT FACTORS, INCLUDING UNCERTAINTY RELATED TO THE COMPANY'S OPERATIONS, MERGERS OR ACQUISITIONS, GOVERNMENTAL REGULATION, THE VALUE OF THE COMPANY'S ASSETS AND ANY OTHER FACTORS DISCUSSED IN THIS AND OTHER COMPANY FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION.

OVERVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated/combined financial statements and notes thereto for the years ended December 31, 2002, 2001 and 2000. The financial results presented for the nine months ended September 30, 2003 are those of Chex Services, Inc. ("Chex"), Key Financial Systems, Inc. ("Key"), Nova Financial Systems, Inc. ("Nova") and Denaris Corporation ("Denaris"), formed in August 2002, on a consolidated basis with those of Equitex, Inc. The financial results presented for the nine months ended

capital resource needs will be satisfied from cash flows generated from our operating activities. Although the closure of Net First National Bank ("Net First") and subsequent closure of Key operations have eliminated positive cash flows at Key, we implemented actions in 2002 to reduce personnel, marketing and other operating costs.

Our other operating subsidiary, Chex, anticipates positive cash flows in 2003. Additionally, Chex has begun to introduce new products during the year. These products are complementary to its existing products and services. Future products may include: cashless gaming smart cards, debit cards and customized funds transfer systems for multi-jurisdictional gaming operators.

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Cash flow activity for the nine months ended September 30, 2003, includes the activity of Chex, Key and Nova, Equitex, and Denaris. Cash flow activity for the three months ended September 30, 2002 includes the activity of Chex, Key and Nova and Equitex. For the nine months ended September 30, 2003, net cash provided by operating activities was $71,640 compared to $1,531,101 for the nine months ended September 30, 2002. The most significant portion of this change was the changes in current assets and liabilities which provided cash and adjusted the net loss by $494,720 for the nine months ended September 30, 2003 compared to the changes in the same assets and liabilities for the nine months ended September 30, 2002 of $876,662. Additionally, non-cash adjustments to the current year's results were $1,098,469 including depreciation and amortization of $836,068 and stock based compensation of $277,000 compared to total non-cash adjustments of $3,815,453, mostly comprised of $2,151,207 for the impairment of the FDIC receivable, and $961,893 and $487,500, respectively, for depreciation and amortization and stock based compensation for the nine months ended September 30, 2002. For the nine months ended September 30, 2003 there was a decrease in the provision for losses of $14,599 compared to an increase in the provision for the nine months ended September 30, 2002 of $117,821. During the nine months ended September 30, 2003, the company reduced a provision that had previously been recorded based upon the improvement in the collateral provided as security for a note receivable.

Cash used in investing activities for the nine months ended September 30, 2003 was $858,458 compared to $1,872,130 for the nine months ended September 30, 2002. Cash used in 2003 investing activities was primarily attributable to net advances of $597,686 to related parties and others on notes receivable. Cash used in 2002 investing activities was primarily due to an increase of $486,227 in credit card receivables, and net advances of $1,387,853 to related parties and others on notes receivable.

Cash provided by financing activities for the nine months ended September 30, 2002 was $312,851 compared to cash used in financing activities of $1,882,396 for the nine months ended September 30, 2003. The significant activity for the nine months ended September 30, 2003, included the Company making repayments on notes payable (related parties and other) and on its line of credit of $2,171,585 and $1,000,000, respectively, offset by the Company receiving $261,687 from the exercise of warrants; also Chex sold 226,000 shares of the Company's common stock for $147,794. The Company also received proceeds of $1,187,640 upon the issuance of short-term notes payable to related parties. During the nine months ended September 30, 2003, the Company redeemed 90 shares of its Series I Preferred Stock for $100,942 in cash. The significant activity for the nine months ended September 30, 2002, included the company receiving $1,112,709 from the exercise of warrants and the issuance of common stock, proceeds received of $1,980,806 upon the issuance of short term related party and third party notes payable, and payments of $2,286,597 on short term notes

payable to related parties and third parties. In addition, the Company redeemed 300 shares of its Series I Preferred stock for $382,867 in cash.

For the nine months ended September 30, 2003, net cash decreased $2,669,214 compared to a decrease of $28,178 for the nine months ended September 30, 2002, and ending cash at September 30, 2003, was $6,262,499 compared to $7,802,248 at September 30, 2002. Significantly all of the Chex's cash is required to be utilized for its casino operations, and they are prohibited from using it for other corporate purposes. Consequently Equitex needs to rely on other sources for its liquidity needs.

Other sources available to us that we may utilize include the sale of equity securities through private placements of common and/or preferred stock as well as the exercise of stock options and/or warrants, all of which may cause dilution to our stockholders. In October 2003, the Company recieved cash of approximately $828,000 upon the exercise the exercise of approximately 1,432,000 warrants. We may also be able to borrow funds from related and/or third parties.

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RESULTS OF OPERATIONS

REVENUES

Consolidated revenues for the nine months ended September 30, 2003, were, $14,295,476 compared to consolidated revenues of $19,414,885 for the nine months ended September 30, 2002. Consolidated revenues for the three months ended September 30, 2003, were $4,910,947, compared to consolidated revenues of $5,877,651 for the three months ended September 30, 2002. The decrease in each of the periods was due primarily to the reduction of revenues from Key and Nova [redacted]

credit card programs.

REVENUE BY SEGMENT

	Three months ended September 30,		Nine months ended September 30,	
Segment	2003	2002	2003	2002

approximately $6,271,000 and $807,000, respectively, for the nine months ended September 30, 2003. For the nine months ended September 30, 2002, Chex cashed over $128 million personal checks and also over $116 million of "other checks". Fees earned on personal and "other checks" were approximately $6,733,000 and $940,000, respectively.

For the nine months ended September 30, 2003, Chex processed approximately 327,000 credit/debit card transactions with approximately $112 million in advances and earned fees of $3,983,000 on these transactions. For the nine months ended September 30, 2002, Chex processed approximately 377,000 credit/debit card transactions with approximately $138 million in advances and earned fees of $4,281,000 on these transactions. For the nine months ended September 30, 2003, Chex processed over 2,700,000 ATM transactions and earned commissions or fees of $2,459,000 on approximately $266 million of transactions. For the nine months ended September 30, 2002, Chex processed approximately 2,500,000 million ATM transactions and earned commissions or fees of $2,589,000 on approximately $255 million of transactions. Chex collected fees of $377,000 on returned checks and had other income of $47,000 for the nine months ended September 30, 2003, compared to $336,000 on returned checks and other income of $134,000 for the nine months ended September 30, 2002.

For the three months ended September 30, 2003, Chex cashed over $43 million of personal checks and over $36 million of "other checks", earning fees of approximately $2,205,000 and $266,000, respectively. For the three months ended September 30, 2002, Chex cashed over $45 million of personal checks and over $38 million of "other checks", earning fees of approximately $2,330,000 and $257,000, respectively.

For the three months ended September 30, 2003, Chex processed over 940,000 ATM transactions, earning fees of $833,000 on over $92 million in transactions, compared to 880,000 transactions, earning fees of $919,000 on over $87 million in transactions for the three months ended September 30, 2002.

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For the three months ended September 30, 2003, Chex processed approximately 113,000 credit/debit card transactions, with approximately $39 million in advances, and earned fees of approximately $1,378,000 on these transactions. For the three months ended September 30, 2002, Chex processed approximately 118,000 transactions, with approximately $42 million in advances, and earned fees of approximately $1,369,000 on these transactions.

For the three months ended September 30, 2003 and September 30, 2002, Chex collected fees of $131,000 and $112,000, respectively on returned checks and had other income of approximately $12,000 and $53,000, respectively.

CREDIT CARD SERVICES SEGMENT

CREDIT CARD INCOME

On March 1, 2002, the Office of the Comptroller of the Currency closed Net First National Bank ("Net First") and appointed the FDIC as receiver. Key immediately ceased all marketing and processing of new credit card accounts at the close of business on March 1, 2002. In addition, the FDIC repudiated Key's contract with Net First effective March 4, 2002, and has closed all the credit card accounts subject to Key's contract with Net First. The FDIC's action results in the termination of all future credit card servicing revenues to Key from the Net First portfolio after March 4, 2002.

Through February 28, 2002, the Net First portfolio provided $2,121,220 of credit card servicing fees. For the nine months ended September 30, 2002, credit card servicing fees, application fees and other was $4,402,080 compared to $350,994 for the nine months ended September 30, 2003. For the three months ended September 30, 2003, credit card servicing fees were $85,702 compared to $350,944 for the three months ended September 30, 2002. The revenue in the current period is the residual payments on remaining active accounts.

Prior to March 1, 2002, credit card servicing fees were the major component of credit card income, which was Key and Nova's principal source of earnings before the closure of Net First. Credit card fees were assessed on credit card accounts owned by each company's client banks. These include monthly membership fees, late charges, over limit fees, and return check fees. The fees were paid to Key and Nova under a 100% loan participation agreement with the client bank. Credit card servicing fees for the nine months ended September 30, 2002, were $2,857,587. The Company has not issued any new cards since March 1, 2002, due to the closure of Net First.

APPLICATION FEES, NET OF DIRECT MARKETING COSTS

Key and Nova no longer receive application fees due to the closure of Net First and the termination of all marketing programs related to the Net First credit card. Application fees were $354,048 for the nine months ended September 30, 2002, and $1,259 for the three months ended September 30, 2002..

OTHER INCOME, NET

Other income for Key and Nova for the nine months ended September 30, 2003, was $14,189 compared to $1,190,445 for the nine months ended September 30, 2002. There was no other income for Key and Nova for the three months ended September 30, 2003 and $539,286 for the nine months ended September 30, 2002. This income is mostly comprised of other marketing and lead income, which was significantly higher in 2002 when Key and Nova were producing marketing and lead revenues after the March 1, 2002, closure of Net First.

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OPERATING EXPENSES

Total operating expenses for the three and nine months ended September 30, 2003, was $5,347,674 and $14,803,966 compared to $7,894,613 and $21,403,804 the three and nine months ended September 30, 2002, respectively. The 2002 periods include expenses for the Company, Chex, Key and Nova. The 2003 periods include expenses of the Company, Chex, Key Nova, and Denaris.

Segment	Three months ended September 30, 2003	Three months ended September 30, 2002	Nine months ended September 30, 2003	Nine months ended September 30, 2002
Cash disbursement services	$4,452,851	$4,564,381	$12,516,898	$13,526,055
Credit card services	118,397	3,097,174	329,181	6,717,448
Corporate activities	776,426	233,058	1,957,387	1,160,301
	$5,347,674	$7,894,613	$14,803,966	$21,403,804

CASH DISBURSEMENT SERVICES SEGMENT

Chex operating expenses of $4,452,851 and $4,564,381 for the three months ending September 30, 2003 and 2002, and $12,516,898 and $13,526,055 for the nine months ended September 30, 2003 and 2002 were comprised as follows:

<TABLE>
<CAPTION>

	Three months ended September 30, 2003	Three months ended September 30, 2002	Nine months ended September 30, 2003	N S
<S>	<C>	<C>	<C>	
Fees to casinos	$1,715,741	$1,636,759	$ 4,763,827	
Salaries and related costs	1,522,554	1,522,464	4,467,414	
Returned checks, net of collections	176,735	253,044	300,166	
General operating expenses	763,529	856,714	2,172,269	
Depreciation and amortization	274,292	295,400	813,231	
	$4,452,851	$4,564,381	$12,516,898	$

</TABLE>

CREDIT CARD SERVICES SEGMENT

The closing of Net First and the shut down of their portfolio has had a significant impact in reducing operating expenses from $6,717,448 for the nine months ending September 30, 2002, compared to $329,681 for the nine months ending September 30, 2003. Included in the operating expenses for the three and nine months ended September 30, 2002, is the impairment of the FDIC receivable for $2,151,207. The majority of the remaining operating expenses were directly related to Key's credit card marketing efforts and portfolio servicing responsibilities under the contract with Net First. Effective March 11, 2002, Key has eliminated all direct costs associated with the Net First program. Included in operating expenses for the nine months ended September 30, 2003, were third party servicing fees of $202,459 associated with the remaining active accounts. Additionally, for the nine months ended September 30, 2003, there were general operating expenses of $126,801. Third party servicing fees for the nine months ended September 30, 2002 were $1,570,358 and personnel costs were $1,740,800. Other expenses including occupancy costs were $1,255,083 for the nine months ended September 30, 2002.

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CORPORATE ACTIVITY

Included in the three and nine months ended September 30, 2003, are operating expenses for Equitex and Denaris of $776,426 and $1,957,387. For the three months ended September 30, 2003, these operating expenses are comprised of selling, general and administrative expenses of $569,272 and personnel costs of $207,154. Included in the general and administrative expenses is a reserve of $160,000 on a related party note, as well as $183,951 of expenses related to previously incurred professional fees associated with preparing Chex for an initial public offering. The remaining major components of the general and administrative expenses are legal, accounting, and professional services of $109,500 and general office expenses of $115,821. For the nine months ended September 30, 2003, total costs comprise of general and administrative expenses of $1,377,522 and $579,865 in personnel costs. Included in the general and administrative expenses are $160,000 reserve on a note receivable from an affiliate, and the $183,951 expenses described above, as well as $277,000 of

stock-based compensation expense. Other general and administrative expenses for the nine months ended September 30, 2003, include professional fees of $385,641 and general office expenses of $370,930. Stock-based compensation expense represents non-cash expenses related to issuances of warrants and options to third party consultants for services.

Operating expenses for the three and nine months ended September 30, 2002, were $233,058 and $1,169,301, respectively. For the nine months, these expenses are comprised of professional fees of $367,145, salaries and related costs of $235,796, charges related to a late registration filing regarding the Series I convertible preferred shares of $263,600, stock-based compensation of $49,500 and $194,260 of other general operating costs.

For the three months ended September 30, 2002, costs were comprised of professional fees of $117,635, salaries and related costs of $102,311, other general operating costs of $39,612, offset by a reduction in stock-based compensation of $26,500.

ITEM THREE
QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates and a decline in the stock market. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes. The Company has limited exposure to market risk related to changes in interest rates. The Company does not currently invest in equity instruments of public or private companies for business or strategic purposes.

The principal risks of loss arising from adverse changes in market rates and prices to which the Company and its subsidiaries are exposed relate to interest rates on debt. The Company has both fixed and variable rate debt. Chex has $11,732,678 and $13,644,132 of debt outstanding as of September 30, 2003 and December 31, 2002, respectively, of which $11,437,776 and $12,208,766 has been borrowed at fixed rates ranging from 8% to 12% at September 30, 2003 and December 31, 2002, respectively. This fixed rate debt is subject to renewal annually and is payable upon demand with 90 days written notice by the debt holder. Chex also has $301,902 and $1,455,356 of variable rate debt at September 30, 2003 and December 31, 2002, respectively, owed to a bank. The lender presently charges interest at 0.5% to 0.75% over the prime rate.

As most of the Company's average outstanding indebtedness is renewed annually and carries a fixed rate of interest, a change in interest rates is not expected to have a material impact on the consolidated financial position, results of operations or cash flows of the Company during the year ending December 31, 2003.

ITEM FOUR
DISCLOSURE CONTROLS AND PROCEDURES

A review and evaluation was performed by the Company's management, including the Company's Chief Executive Officer (the "CEO")/Chief Financial Officer (the "CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that review and evaluation, the CEO/CFO has concluded that the Company's current disclosure controls and procedures, as designed and implemented, were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the date of their evaluation.

There were no significant material weaknesses identified in the course of such review and evaluation and, therefore, no corrective measures were taken by the Company.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

Exhibit 31 - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32 - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Equitex, Inc.
(Registrant)

Date: November 19, 2003

By: /s/ Henry Fong

Henry Fong
President, Treasurer and
Chief Financial Officer

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